

THULAMELA LOCAL MUNICIPALITY

Unaudited Annual Financial Statements
for the year ended 30 June 2019



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Province	Limpopo
Grading of local authority	Grade 4
Municipal Manager	Maluleke HE
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Chief Finance Officer	Tshivule MM
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Bankers	First National Bank
Auditors	Auditor General South Africa
Telephone No.	0152839317
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Name of Contact Person at National Treasury	Ms Mbeki S
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61	Cllr Mawela PE	Part time	
62	Cllr Vhengani MR	Part time	
63	Cllr Mulaudzi M M	Part time	
64	Cllr Muedi ET	Part time	
65	Cllr Mundalamo M	Part time	
66	Cllr Tshishonge DE	Part time	
67	Cllr Maphaha NF	Part time	
68	Cllr Humbulani BR	Part time	
69	Cllr Magoda T P	Part time	MPAC member
70	Cllr Marole RT	Part time	MPAC member
71	Cllr Mashathini	Part time	
72	Cllr Nemudzivhadi AS	Part time	
73	Cllr Grace Tshililo	Part time	
74	Cllr Nemugumoni T	Part time	
75	Cllr Nyawasedza EM	Part time	
76	Cllr Matambela NP	Part time	
77	Cllr Seani CS	Part time	
78	Cllr Tshikalange NT	Part time	MPAC member
79	Cllr Makatu A M	Part time	
80	Cllr Ramulongo MB	Part time	
81	Cllr Dzhalagome MG	Part time	
82	Cllr Kwindi SC	Part time	
83	Cllr Rambuda AT	Part time	
84	Cllr Ramulifho HB	Part time	MPAC member
85	Cllr Mulaudzi KE	Part time	
86	Cllr Nemadzivhanani F E	Part time	MPAC member

THULAMELA LOCAL MUNICIPALITY

Annual Financial Statements for the period ended 30 June 2019

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003) to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly represent the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for system of internal financial control established by the municipality and place considerable importance on maintaining a strong environment. To enable the accounting officer to meet these responsibilities, the accounting officer set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standard in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known form of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, control systems and ethical behaviour are applied and manage within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The financial statements set out in this report have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2019 and were signed on its behalf by


Accounting Officer

Matuleke HE

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 *Restated
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,488,975,255	1,436,416,687
Intangible assets	3	431,600	636,418
Total non-current assets		1,489,406,855	1,437,053,105
Current Assets			
Inventories	4	34,500,236	33,163,721
Receivables from non-exchange transactions	5	6,379,541	7,152,886
Receivables from exchange transactions	6	23,729,245	24,663,808
VAT receivable	7	-	-
Cash and cash equivalents	8	537,462,183	480,272,201
Total current assets		602,071,206	545,252,616
Total Assets		2,091,478,060	1,982,305,720
Liabilities			
Non-Current Liabilities			
Finance lease obligation	9	-	-
Provisions	10	25,477,578	37,005,318
Employee benefit obligation	11	11,776,921	12,358,609
Total non current liabilities		37,254,499	49,363,927
Current Liabilities			
Finance lease obligation	9	-	578,475
Payables from exchange transactions	12	83,195,278	82,801,265
Unspent conditional grants and receipts	13 & 15	-	-
VAT payable	7	21,901,932	15,206,886
Provisions	10	17,230,576	4,815,664
Employee benefit obligation	11	801,827	-
Total current liabilities		123,129,613	103,402,289
Total Liabilities		160,384,112	152,766,216
Net Assets		1,931,093,948	1,829,539,504
Accumulated surplus		1,931,093,948	1,829,539,504

*See Note 38

Statement of Financial Performance for the year ended 30 June 2019

Figures in Rand

2019

2018

*Restated

Revenue

Revenue from non exchange transactions

Property rates	14	61,075,894	53,944,001
Fines		10,456,447	11,072,887
Donation received	15	488,000	-
Government grants & subsidies	16	549,635,000	514,482,000
Total of revenue from non exchange transactions		621,655,341	579,498,889

Revenue from exchange transactions

Service charges	17	20,690,583	46,445,021
Rental of facilities and equipment	18	1,903,666	1,582,755
Licences and permits	19	651,615	463,867
Agency services	20	12,813,920	10,578,035
Rendering of services	21	2,352,058	5,455,144
Other revenue	22	15,655,892	16,209,140
Finance Income	23	58,268,792	48,476,557
Total of revenue from exchange transactions		112,336,526	129,210,520

Total Revenue

733,991,867

708,709,408

Expenditure

Employee related cost	24	267,062,176	243,870,470
Remuneration of councillors	25	29,117,852	28,411,861
Depreciation and amortisation	26.1	51,303,508	48,787,585
Impairment loss	26.2	34,962,972	4,269,316
NRV write-down	4	4,412,818	-
Finance costs	27	2,373,822	225,030
Debt Impairment	28	59,562,693	68,895,898
Assets written-off	2	1,449,913	4,839,797
Auditing fees	29	4,379,867	4,413,642
Contracted services	30	73,710,773	110,976,120
General Expenses	31	82,160,107	102,348,914
Repairs and maintenance	32	20,863,317	9,165,863
Total Expenditure		631,359,817	626,204,496

Operating surplus/ (deficit)

102,632,050

82,504,913

(Loss) gain on disposal of assets and liabilities

33

(1,077,607)

-

Surplus (deficit) for the year

101,554,444

82,504,913

*See Note 38

Cash Flow Statement for the year ended 30 June 2019

Figures in Rand	Note(s)	2019	2018 *Restated
Cash flows from operating activities			
Receipts			
Cash receipts from taxes, levies and fines		51,429,683	42,031,965
Services charges		38,707,208	56,659,546
Government Grants		549,635,000	514,482,000
Interest received on investments	16	33,973,701	28,808,243
Rental income		1,903,666	1,582,755
		675,649,259	643,554,509
Payments			
Employee costs	24	(294,279,675)	(272,393,610)
Suppliers		(195,702,867)	(261,248,150)
Finance costs	27	(39,429)	(225,030)
		(490,021,972)	(533,866,789)
Net cash flows from operating activities	34	185,627,287	109,697,720
Cash flows from investing activities			
Acquisition of fixed assets	2	(127,858,830)	(116,027,341)
Acquisition of intangible assets	3	-	(99,942)
Net cash flows from investing activities		(127,858,830)	(116,127,283)
Cash flows from financing activities			
Loan Repayments		-	-
Finance lease payments	9	(578,475)	(1,643,033)
Net cash flows from financing activities		(578,475)	(1,643,033)
Net increase/(decrease) in cash and cash equivalents		57,189,982	(8,072,596)
Cash and cash equivalents at the beginning of the year		480,272,201	488,344,797
Cash and cash equivalents at the end of the year	8	537,462,183	480,272,201

*See Note 38

Statement of Comparison of Budget and Actual Amounts

Statement of Financial Performance for the year ended 30 June 2019

Figures in Rand

	Approved budget	Adjustments	B Schedule	Final Budget	Difference/Virement	Actual amounts on comparable basis	Variance	%	Reference
Revenue									
Revenue from non exchange transactions									
Property rates	70,694,979	(3,252,979)	67,442,000	67,442,000	-	61,075,894	6,366,106	9%	
Fines	17,530,000	9,355,000	26,885,000	26,885,000	-	10,456,447	16,428,553	61%	41 1
Donation received	-	-	-	-	-	488,000	(488,000)	-100%	41 2
Government grants & subsidies	435,845,400	3,661,600	439,507,000	439,507,000	-	436,812,000	2,695,000	1%	
Total of revenue from non exchange transactions	524,070,379	9,763,621	533,834,000	533,834,000	-	508,832,341	25,001,659		
Revenue from exchange transactions									
Service charges	52,749,560	(8,630,560)	44,119,000	44,119,000	-	20,690,583	23,428,417	53%	41 3
Rental of facilities and equipment	3,000,000	(1,449,500)	1,550,500	1,550,500	-	1,903,666	(353,166)	-23%	41 4
Licences and permits (including Agency Services)	16,000,000	3,500,000	19,500,000	19,500,000	-	13,465,535	6,034,465	31%	41 5
Other revenue (including Rendering of services)	33,087,000	31,774,840	64,861,840	64,861,840	-	18,007,950	46,853,890	72%	41 6
Finance Income	78,000,000	(12,500,000)	65,500,000	65,500,000	-	58,268,792	7,231,208	11%	
Total of revenue from exchange transactions	182,836,560	12,694,780	195,531,340	195,531,340	-	112,336,526	83,194,814		
Total Revenue	706,906,939	22,458,401	729,365,340	729,365,340	-	621,168,867	108,196,473		
Expenditure									
Employee related cost	268,452,379	(7,325,594)	261,126,785	272,806,188	(11,679,403)	267,062,176	5,744,012	2%	
Remuneration of councillors	31,545,091	1,787,979	33,333,070	33,333,070	0	29,117,852	4,215,218	13%	
Debt Impairment	70,000,000	35,000,000	105,000,000	83,722,000	21,278,000	59,562,693	24,159,307	29%	41 7
Depreciation and amortisation	50,000,000	-	50,000,000	52,360,000	(2,360,000)	51,303,508	1,056,492	2%	
Impairment loss	-	-	-	252,090	(252,090)	34,962,972	(34,710,882)	-13769%	41 8
NRV write down	-	-	-	4,430,000	(4,430,000)	4,412,818	17,182	0%	
Finance costs	660,000	(560,000)	100,000	2,390,350	(2,290,350)	2,373,822	16,528	1%	
Assets written off	-	-	-	6,213,910	(6,213,910)	1,449,913	4,763,997	77%	41 9
Auditing fees	5,000,000	(500,000)	-	4,500,000	(4,500,000)	4,379,867	120,133	3%	
Other materials	-	30,834,944	30,834,944	30,143,784	691,160	26,877,932	3,265,852	11%	

ACCOUNTING POLICIES

1.1 Basis of accounting

1.1.1 Basis of preparation

These annual financial statements have been prepared in accordance with Standards of General Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, Act No 56.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. The principle accounting policies adopted in the preparation of these annual financial statements are set out below.

Asset, Liabilities, Revenue and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP. The accounting policies applied are consistent with those used to present the previous year's financial statement unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the note.

1.1.2 Presentation currency

These Annual Financial Statements are presented in South Africa Rand, which is the functional currency of the Municipality.

1.1.3 Going concern assumption

These Annual Financial Statements have been prepared on the assumption that the municipality will continue to operate as a going concern for the foreseeable future.

1.1.4 Comparative information

When the presentation or classification of items in the financial statements is amended, comparative amounts are reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, the following is disclosed:

- (a) the nature of the reclassification;
- (b) the amount of each item or class of items that is reclassified; and
- (c) the reason for the reclassification.

When it is impracticable to reclassify comparative amounts, the following is disclosed:

- (a) the reason for not reclassifying the amounts; and
- (b) the nature of the adjustments that would have been made if the amounts had been reclassified.

Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly, where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.1.5 Standards, amendments to standards and interpretations approved but not yet effective

The following GRAP standards have been issued but are not effective:

- GRAP 34 Separate financial statements
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of interest in other entities
- GRAP 110 Living and Living Resources

1.1.6 Standards, amendments to standards and interpretations approved and effective for the first time in the current financial year

The following GRAP standards have been issued and are effective:

- GRAP 20 Related Party Disclosures
- GRAP 32 Service concession arrangement: Grantor
- GRAP 108 Statutory receivables
- GRAP 109 Accounting by principal and Agents

1.2 Property, plant and equipment

1.2.1 Initial recognition and measurement

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- (b) the cost or fair value of the item can be measured reliably.

Major spare parts and stand-by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand-by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

1.2.2 Subsequent measurement-Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it meets the recognition criteria of Property, Plant and equipment.

1.2.3 Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives to their estimated residual values. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Land is not depreciated as it is deemed to have an indefinite useful life. The depreciation rates are based on the following estimated average asset useful lives:

Item	Average useful life
Finance lease assets	
Office equipment	3-5 years / term of the lease

Property, plant and equipment

Infrastructure
Community and buildings

10- 30 years
10- 60 years

Other property, plant and equipment

Plant and equipment
Motor vehicles
Computer equipment
Furniture and Office equipment
I-pad/ Tablet

4-20 years
10-19 years
4-23 years
4-23 years
2-5 years

1.4.2 Subsequent measurement of financial assets and liabilities

An entity shall measure all financial assets and financial liabilities after initial recognition using the following categories defined in paragraph 1.4:

- (a) Financial instruments at fair value
 - (b) Financial instruments at amortised cost
 - (c) Financial instruments at cost
- All financial assets measured at amortised cost or cost are subject to an impairment review.

1.4.3 Gains/Losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

1.4.4 Impairment of Financial Instruments

Financial assets are assessed at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

1.4.5 Offsetting

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- (a) currently has a legally enforceable right to set off the recognised amounts; and
 - (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
- In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

1.4.6 Derecognition

An entity shall derecognise a financial asset only when:

- (a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- (b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- (c) the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell

the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity shall:

- (i) derecognise the asset; and
- (ii) recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

An entity shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

1.5 Leases

1.5.1 Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance lease- lessee

Initial Recognition and Measurement

Finance lease are recognised as assets and the associated lease obligations as liabilities in the statement of financial position. The assets and liabilities shall be recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

Subsequent Measurement

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.5.2 Operating leases -lessee

Lease payments under an operating lease are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

1.6 Inventories

1.6.1 Initial recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process. Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired. In general, the basis of allocating cost to inventory items is the weighted average method.

1.6.2 Subsequent measurement

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use, the municipality:

- (a) base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- (b) base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- (c) estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit). If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- * the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- * the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified. The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets. In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- * its fair value less costs to sell (if determinable);
- * its value in use (if determinable); and
- * zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-cash-generating assets of the unit. Asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset. An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- * its recoverable amount (if determinable); and
- * the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods. The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.7.2 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.9.2 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified. Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality. When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Property rates

The municipality recognises an asset in respect of property rates when the taxable event occurs and the asset recognition criteria are met. Resources arising from property rates satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from property rates satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the customer. The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity. Gifts and donations, including goods in-kind, Gifts and donations, including goods in-kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-Service in-kind are not recognised.

1.1 Borrowing costs

Borrowing costs are interests and other costs that an entity incurs in connection with borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are expensed in the period in which they are incurred. Borrowing costs are recognised as an expense in surplus or deficit when incurred.

1.11 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.12 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Contingent Liabilities

1.18 Commitments

1.19 Long term debtors

1.20 Events after Balance Sheet date

1.21 Value Added Tax

1.22 Construction contract

1.23 Accumulated Surplus

1.24 Accounting policies: Change in accounting estimates and errors

1.24 Change in accounting policies

1.24 Change in accounting estimates

1.24 Errors

1.24 Errors

1.24 Errors

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Infrastructure and Community Assets: Annual review discussions were conducted with all Strategic Business Units during which impairment triggers and asset performance indicators were discussed and possible impairments were identified. In addition, insurance claims were also reviewed and considered as identifiers of possible impairment triggers. During physical field assessment, information pertaining to the condition and performance of these assets were recorded and further analysed to establish the impact on the value in use of identified components.

Moveable assets: During the asset verification a moveable asset was identified that was not on the asset register. The asset was fair valued.

Included under Other Assets are Moveable Assets with a total carrying value of R104,380 (2019: R579,659 (2018)) which were not physically verified during the 2018/19 annual verification. During the 3/19 financial period, a process will be implemented to investigate further and assess whether the assets still exist or should be derecognised, and only after the completion of this process, will assets which could not be confirmed be derecognised.

During the current financial year, the useful lives of all asset classes were reviewed and adjusted to more accurately reflect the period of economic benefits or service potential derived from these assets. The effect of the review decreased the depreciation charges for the current period by R21,820.

Note 3 - Intangible assets

	2019		
	Cost	Accumulated Amortisation and Impairment	Carrying value
Computer Software	4,188,252	(3,756,652)	431,600
Total	4,188,252	(3,756,652)	431,600

	2018		
	Cost	Accumulated Amortisation and Impairment	Carrying value
	4,310,025	(3,673,606)	636,418
	4,310,025	(3,673,606)	636,418

Reconciliation of intangible assets - 2019

	Opening balance			Additions	Disposals	Transfers	Amortisation and impairment			Carrying value
	Opening balance per AFS	Prior period adjustment	Restated opening balance				Amortisation	Impairment	Disposal	
Computer Software	636,418	-	636,418	-	-	-	(204,818)	-	-	431,600
Total	636,418	-	636,418	-	-	-	(204,818)	-	-	431,600

Reconciliation of intangible assets - 2018

	Opening balance			Additions	Disposals	Transfers	Amortisation and impairment			Carrying value
	Opening balance per AFS	Prior period adjustment	Restated opening balance				Amortisation	Impairment	Disposal	
Computer Software	805,887	-	805,887	99,942	-	-	(217,497)	(51,915)	-	636,418
Total	805,887	-	805,887	99,942	-	-	(217,497)	(51,915)	-	636,418

4 Inventories

Consumables stores	10 068 441	3 991 172
Fuel	-	516 154
Unsold Sites	24 431 796	28 656 395
	34 500 236	33 163 721

No inventory was pledged as security for liabilities

Unsold Sites were written down to Net Realisable Value (NRV) of R1 each during the current year due to illegal occupation of sites owned by the municipality

The total value of the write-down is shown on the face of the Statement of Financial Performance as R4 412 818

5 Receivables from non-exchange transactions

5.1 Gross balances

Consumer debtors - Property rates	110 106 083	91 880 205
Traffic fines	29 126 143	27 249 363

Less: Allowance for impairment

Consumer debtors - Property rates	(104 738 551)	(87 139 513)
Traffic fines	(28 114 134)	(24 837 169)

Net balances

Consumer debtors - Property rates	5 367 532	4 740 692
Traffic fines	1 012 009	2 412 194

Total	6 379 541	7 152 886
--------------	------------------	------------------

5.2 Summary of receivables from non-exchange transactions by customer classification and service type

Consumers (residential) - Property rates

Current (0 -30 days)	1 817 636	3 261 633
31 - 60 days	1 717 516	1 962 581
61 - 90 days	1 638 687	1 389 898
91 - 120 days	1 976 953	1 360 073
121 - 365 days	65 266 572	50 256 274
Total	72 417 365	58 230 460

Industrial/Commercial - Property rates

Current (0 -30 days)	2 178 068	3 145 759
31 - 60 days	708 542	1 108 047
61 - 90 days	553 911	400 853
91 - 120 days	748 531	390 939
121 - 365 days	21 703 397	16 879 354
Total	25 892 449	21 924 952

National and provincial Government - Property rates

Current (0 -30 days)	576 194	1 532 561
31 - 60 days	453 615	431 452
61 - 90 days	217 040	5 739 174
91 - 120 days	206 414	143 318
121 - 365 days	10 343 006	3 878 287
Total	11 796 269	11 724 793

Total of property rates debtors

Current (0 -30 days)	4 571 898	7 939 953
31 - 60 days	2 879 674	3 502 080
61 - 90 days	2 409 638	7 529 926
91 - 120 days	2 931 898	1 894 330
121 - 365 days	97 312 975	71 013 916
Sub-Total	110 106 083	91 880 205
Less: Provision for doubtful debts	(104 738 551)	(87 139 513)
Total	5 367 532	4 740 692

6 Receivables from exchange transactions

6.1 Gross balances

Consumer debtors - Service charges	392 105 432	352 491 588
Other receivables	4 614 602	6 476 496

Less: Allowance for impairment

Consumer debtors - Service charges	(372 990 789)	(334 304 276)
Other receivables	-	-

Net balances

Consumer debtors - Service charges	19 114 643	18 187 312
Other receivables	4 614 602	6 476 496

Total	23 729 245	24 663 808
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6.2 Summary of receivables from exchange transactions by service type

Refuse removal

Current (0 -30 days)	1 611 986 72	2 657 120
31 - 60 days	1 450 761 74	1 117 388
61 - 90 days	1 386 244 15	1 031 970
91 - 120 days	1 337 628 52	1 017 381
121 - 365 days	94 841 602 04	41 342 598
	100 628 223	47 166 458

6.3 Summary of receivables from exchange transactions by customer classification

Consumers (residential) - Service charges

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 - 120 days

121 - 365 days

Total

1 478 554	3 108 936
1 359 432	961 615
990 067	945 634
974 166	1 240 529
49 913 081	37 144 039
54 715 300	43 400 752

Industrial/Commercial - Service charges

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 - 120 days

121 - 365 days

Total

3 704 237	14 493 911
3 165 343	5 063 251
3 230 733	4 988 697
3 103 457	5 045 724
318 363 729	275 275 868
331 567 499	304 867 451

National and provincial Government - Service charges

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 - 120 days

121 - 365 days

Sub-Total

251 648	1 196 659
164 987	117 123
130 380	73 657
122 347	73 955
5 153 270	2 761 991
5 822 632	4 223 385

Total consumer debtors - service charges

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 - 120 days

121 - 365 days

Sub-Total

Less: Provision for doubtful debts

Total

5 434 438	18 799 506
4 689 763	6 141 988
4 351 180	6 007 988
4 199 970	6 360 208
373 430 080	315 181 898
392 105 432	352 491 588
(372 990 789)	(334 304 276)
19 114 643	18 187 312

6.4 Other receivables

Prepaid expenses

Inter Municipal accounts

Sundry debtors

Total

-	-
4 614 602	6 476 496
4 614 602	6 476 496

7 VAT

VAT payable

21 901 932

15 206 886

The municipality is registered for VAT on a cash basis with SARS. Vat is paid over to SARS only once the payment is received from Debtors and is receivable from SARS once the payment has been made to Creditors. The amount above is an accumulation of the accrual and cash basis of taking VAT into account.

8 Cash and cash equivalents

Cash and cash equivalents consist of:

Cheque (Current) account

Money Market

Call deposits

116 030 721	11 256 867
1 522 162	1 447 574
419 909 301	467 567 760
537 462 183	480 272 201

Bank Guarantee/ Security

1 912 500

1 912 500

Included in the main primary bank account is a guarantee/security of R850 000 to the Post Office. Should the Municipality fail to meet payment obligations with the Post Office the amount will be paid over to the Post Office by the Bank. Included in the money market bank account is a guarantee/security of R1 062 500 to the DBSA. Should Municipality fail to meet payment obligations with DBSA the amount will be paid over to DBSA by the bank.

The municipality had the following bank accounts:

Account number / description

Bank confirmation/certificates

30-Jun-19

30-Jun-18

FNB BANK - Account Type - CHEQUE-54660078973	131 126 565	11 001 206
FNB BANK - Account Type - CALL-62090588016	185 862 359	228 871 225
FNB BANK - Account Type - CALL-62090588793	234 046 942	238 696 534
FNB BANK - Account Type - MONEY MARKET- 62336900320	1 522 162	1 447 574
Total	552 558 027	480 016 540

Account number / description

Cashbook balances

30-Jun-19

30-Jun-18

FNB BANK - Account Type - CHEQUE-54660078973	116 031 731	11 246 025
FNB BANK - Account Type - CALL-62090588016	185 862 359	228 871 225

9 Finance lease liability

Present value of minimum lease payments due:

Within one year	-	578,475
Within two to five years	-	-
	-	578,475

2019

2018

Minimum lease payment Future finance charges Present value of minimum Lease payments

Amounts payable under finance leases:

Within one year	606,527	28,053	578,475
Within two to five years	-	-	-
	606,527	28,053	578,475

10 Provisions

The total amounts recognised in the statement of financial position are as follows:

Non-current portion	25,477,578	37,005,318
Current portion	17,230,576	4,815,664
	42,708,154	41,820,982

10.1 Provision for leave

Non-current portion	-	13,862,133
Current portion	17,230,576	1,336,030
Total	17,230,576	15,198,163

The Municipality grants its employees either 22 or 24 working days leave per year in recognition of services rendered. Provision is made for employees who are having leave credit at the end of the financial period and is provided up to 48 days in terms of the SALBC agreement. The leave provision is calculated by taking the total basic salary/no of working days per year x number of days unused.

In the prior year actuary services were utilized to determine the leave accrual balance at year end. The actuarial report split the balance between the short term portion and long term portion.

10.2 Provision for performance bonus

Non-current portion	-	-
Current portion	-	95,634
Total	-	95,634

Performance bonus is a benefit paid to executive management after performance assessment have been done and expectation or targets have been met. Performance is calculated at 7% of the total package.

10.3 Provision for environmental rehabilitation

Non-current portion	25,477,578	23,143,185
Current portion	-	3,384,000
Total	25,477,578	26,527,185

The provision of rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation discounted at 8.88%, which is the Average government bond rate/ Interest rate as at June 2019.

Key Assumptions used:

The Remaining Useful Life (RUL) of the landfill site	7
Commencement date	01-Jul-18
Expiry date	30-Jun-25
CPI	5.19%
Average government bond rate/ Interest rate	8.80%

10.4 Provision for law suits

Thulamela Local Municipality is being sued by various applicants. Where the outcome of the court rulings to be in favour of the applicants are assessed as more likely than not by the Municipality's legal team, the municipality would recognise a short term provision with the relevant corresponding expense account. During the current year none of the current court cases meet the definition of a provision. Refer to Note 38 for Contingent liabilities disclosure.

11 Employee Benefit Obligations

Defined benefit plan

The total amounts recognised in the statement of financial position are as follows:

Defined benefit obligation - Non-current portion	11,776,921	12,358,609
Defined benefit obligation - Current portion	301,827	-
	12,578,748	12,358,609

11.1 Long-Service awards

Long service benefits are awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service.

Key Assumptions:

	2019	2018
Discount rate	3.25%	9.48%
CPI	4.95%	6.49%
Salary increase rate	5.95%	7.49%
Net Discount Rate	2.17%	2.11%
Retirement age (years)	65	65
Mortality	SA85-90	SA85-90

Reconciliation of the accrued long service awards:

Opening accrued liability	12,395,762	12,079,204
Current service cost	1,055,981	1,078,635
Current interest cost	1,175,118	1,137,861
Expected benefit payments	(1,957,697)	(335,381)
Actuarial (gain)/loss over the financial year	(90,416)	(1,564,557)
Closing Actual accrued liability	12,578,748	12,395,762

12 Payables from exchange transactions

	2019	2018
Trade payables	36,594,112	36,976,103
Retentions	29,212,164	28,829,029
Income received in advance	8,567,748	3,470,191
Rental deposits	277,649	263,060
Unidentified deposits	3,374,691	3,350,535
Accrued Bonus - 13th Cheque	5,168,915	4,912,348
	83,195,278	82,801,265

13 Unspent conditional grants and receipts**Unspent conditional grants and receipts comprises of:**

-	-
-	-

See note 16 for the reconciliation of grants and receipts from National/Provincial Government

Transferred back to Treasury
Unspent amount at year end

-	-
-	-

The grant was used to address the electrification backlog of permanently occupied residents. Thereafter the projects are handed over to Eskom for collection of revenue and maintenance. The conditions of the grant were met.

2019

2018

14 Property rates**Actual**

2019

2018

Residential	22 190 787	18 551 606
Business	25 268 898	21 139 329
State	13 616 209	14 253 066
	61 075 894	53 944 001

Valuations

Residential	3 864 108 480	3 838 452 480
Commercial	2 145 666 380	2 125 713 380
State	1 142 583 100	1 194 248 000
Municipal	448 208 100	392 991 000
	7 600 566 060	7 551 404 860

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2014. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations. Municipal rates on the tariff listing is applied to property valuations to determine assessment rates. Rates are levied on an annual basis on property owners.

15 Donation Received**PPE**

488 000	-
488 000	-

During the current financial year we received Turnstile gates for use at the Thohoyandou stadium as a donation from Spar.

16 Government grants and subsidies

Equitable share	391 032 000	361 798 000
Finance Management Grant	1 700 000	1 700 000
MSIG	1 055 000	-
Municipal Infrastructure Grant	112 823 000	121 159 000
INEP	35 000 000	25 000 000
EPWP Integrated Grant	6 225 000	2 543 000
Municipal Demarcation Grant	-	2 282 000
Infrastructure Skills Development Grant	1 800 000	-
	549 635 000	514 482 000

16.1 Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy which is funded from the grant. The municipality has developed and implemented the indigent policy as billing services were rendered by the local municipalities.

16.2 Municipal Infrastructure Grant

Balance unspent at beginning of year	-	-
Current-year receipts	112 823 000	121 159 000
Conditions met - transferred to revenue	(112 823 000)	(121 159 000)
Transferred back to Treasury	-	-
Unspent amount at year end	-	-

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of households. All conditions of the grant were met.

2019

2018

16.3 Municipal Demarcation Transitional Grant

Balance unspent at beginning of year	-	-
Current-year receipts	-	2 282 000
Conditions met - transferred to revenue	-	(2 282 000)
Transferred back to Treasury	-	-
Unspent amount at year end	-	-

16.4 EPWP grant

Balance unspent at beginning of year	-	-
Current-year receipts	6 225 000	2 543 000
Conditions met - transferred to revenue	(6 225 000)	(2 543 000)
Transferred back to Treasury	-	-
Unspent amount at year end	-	-

The grant was used for extended public works programs. All conditions of the grant were met.

16.5 Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	-
Current-year receipts	1 055 000	-
Conditions met - transferred to revenue	(1 055 000)	-
Transferred back to Treasury	-	-
Unspent amount at year end	-	-

This grant was used to build in-house capacity to execute functions and stabilize institutional and governance systems. All conditions of the grant were met.

16.6 Integrated National Electrification Grant (INEG)

Balance unspent at beginning of year	-	-
Current-year receipts	35 000 000	25 000 000
Conditions met - transferred to revenue	(35 000 000)	(25 000 000)
Transferred back to Treasury	-	-
Unspent amount at year end	-	-

The grant was used to address the electrification backlog of permanently occupied residents. Thereafter the projects are handed over to Eskom for collection of revenue and maintenance. The conditions of the grant were met.

16.7 Finance Management Grant

Balance unspent at beginning of year	-	-
Current-year receipts	1 700 000	1 700 000
Conditions met - transferred to revenue	(1 700 000)	(1 700 000)
Transferred back to Treasury	-	-
Unspent amount at year end	-	-

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. All conditions of the grant were met.

16.8 Energy Efficiency Demand side Management Grant

Balance unspent at beginning of year	-	765 727
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(765 727)
Transferred back to Treasury	-	-
Unspent amount at year end	-	-

The grant is used for provision of electricity under energy saving activities. All the conditions were met.

16.9 Infrastructure Skills Development Grant

Balance unspent at beginning of year	-	-
Current-year receipts	1 800 000	-
Conditions met - transferred to revenue	(1 800 000)	-
Transferred back to Treasury	-	-
Unspent amount at year end	-	-

The grant was used for skills development related to infrastructure improvements. All the conditions were met.

17 Service charges

Waste management charges	20 690 583	17 733 327
Development levy	-	28 711 695
	20 690 583	46 445 021

Changed the descriptions to make them more aligned to mSCOA segment descriptions. The Municipality discontinued charging residents a development levy during the prior year.

2019

2018

18 Rental of facilities and equipment

Hiring services	1 903 666	1 582 755
	1 903 666	1 582 755

19 Licences and permits

Spaza/Hawker licences	651 615	463 867
	651 615	463 867

In the prior years Licences and permits comprised of Spaza/Hawkers' licenses and Agency Fees: Department of Transport. We have disintegrated this item to better illustrate the distribution of revenues generated by the Municipality.

20 Agency services

Agency Fees: Department of Transport	12 813 920	10 578 035
	12 813 920	10 578 035

In the prior years License and permits comprised of Spaza/Hawkers' licenses and Agency Fees: Department of Transport. We have disintegrated this item to better illustrate the distribution of revenue generated by the Municipality.

Thulamela Local Municipality acts as an implementing agent on behalf of the Department of Transport (Principal) as they administer certain functions on behalf of the Department such as licensing and registration of motor vehicles.

The Municipality would retain a certain portion of all receipts as compensation (agency fees) for administering these services on behalf of the Department.

The Department uses the Municipality and its staff due to the proximity of the Municipality to households.

The Municipality only recognised the net revenues (agency fees) that accrued to it and only the expenditure incurred by Municipality.

21 Rendering of services

Advertising	316 336	1 941 692
Application of deed grant	258 743	253 657
Building Plan fees	749 610	1 072 431
Cemetery and Burials	222 474	252 194
Clearance Certificates	77 770	86 550
Sundry revenue	287 240	1 244 676
Property transfer fees	439 885	603 945
	2 352 058	5 455 144

In the current year we have disintegrated Other Income into 'Rendering of services' and 'Other Income' to better illustrate the distribution of revenue generated by the Municipality.

We have also renamed the individual items above in order to achieve greater alignment to mSCOA segment descriptions.

The sundry revenue decrease is mainly due to the disintegration of sundry revenue into more relevant separate segments in the underlying accounting records.

During the current year there was a general tariff increase which contributed to the decrease in income from Rendering of services.

22 Other income

Sale of property	10,668,071	2,689,361
Ticket Rolls	192,619	110,523
Commission income	29,571	36,099
Printing and photocopying	372,139	379,835
Skills Development Fund refund	408,493	456,253
Sundry revenue	3,566,124	10,872,784
Tender Documents	418,875	1,664,286
	15,655,892	16,209,140

In the current year we have disintegrated Other Income into 'Rendering of services' and 'Other Income' to better illustrate the distribution of revenue generated by the Municipality

We have also renamed the individual items above in order to achieve greater alignment to mSCOA segment descriptions

The sundry revenue decrease is mainly due to the disintegration of sundry revenue into more relevant separate segments in the underlying accounting records

The municipality is no longer charging a fixed fee for tender documents but charging per page and this has contributed to the decrease in revenue generated from tender documents

During the current year there was a general tariff increase which contributed to the decrease in Other Income

23 Finance Income

Banks	33,973,701	28,808,243
Trade and other receivables	24,295,091	19,668,314
	58,268,792	48,476,557

24 Employee related costs

Salaries	184,662,782	161,812,032
Bonus	12,224,943	11,901,129
Medical Aid contributions	7,277,852	7,157,508
Unemployment Insurance Fund	1,163,111	1,195,615
WCA	1,053,161	1,266,493
Skills Development Levy	2,080,970	1,774,326
Leave pay	1,052,418	717,211
Pension Fund Contribution	31,093,002.79	29,399,759
Travelling and Car Allowances	15,679,137	16,338,787
Overtime	7,547,537	9,192,839
Long-service	1,637,540	1,425,201
Cellphone allowances	115,200	22,800
Acting allowances	713,293	1,231,157
Industrial Council Levies	60,360	58,996
Housing Subsidy	700,868	376,619
	267,062,176	243,870,470

We have disintegrated Basic salaries to separately disclose Cellphone allowances and Leave pay as a separate line items. This creates better clarity on the distribution of employee benefits to the municipality's personnel and achieves greater alignment to mSCOA segment descriptions.

The increase in Employee related costs is mainly due to general increases in salaries in accordance with the Bargaining Council Agreement in place and the hiring of full-time Senior Managers

Remuneration of senior managers (MSA, section 56/57 managers):

Municipal Manager

Annual Remuneration	1,047,821	1,066,169
Housing allowance, Car allowance, Travelling claims, Subsistence allowance	259,797	338,929
13th cheque Bonus	87,318	82,845
Contributions to UIF, Medical and Pension Funds	244,627	233,307
Acting Allowance (Acted during the year)	-	24,798
	1,639,564	1,746,047

Chief Financial Officer

Annual Remuneration	917,724	234,479
Housing allowance, Car allowance, Travelling claims, Subsistence allowance	507,378	75,351
13th cheque Bonus	-	-
Contributions to UIF, Medical and Pension Funds	13,787	3,128
Acting Allowance (Acted during the year)	-	193,880
	1,438,890	506,838

Disclosure in terms of the MFMA, 2003, Section 124 (1) (a)

32 Repairs and maintenance

Electrical	4 018 571	-
Buildings and Facilities	1 916 548	4 563 673
Equipment	4 522 510	4 602 189
General Assets	10 405 688	-
	20 863 317	9 165 863

These represent costs incurred for routine repairs and maintenance of fixed assets. These costs don't meet the definition of an asset, therefore we expensed them during the current financial year.

The significant increase is due to the municipality's efforts to better maintain municipal infrastructure in order to ensure continued service delivery to demarcated areas.

33 (Loss) gain on disposal of assets and liabilities

The following Mutale assets and liabilities were written-off at their carrying values in terms of Council Resolution no. OC22/08/19

Receivables	(1 691 584)	-
VAT	379 197	-
Payments received in advance	234 780	-
	(1 077 607)	-

During the 2016/17 financial year Thulamela municipality took-on the balances of assets and liabilities of former Mutale Local Municipality.

During the current year management conducted an investigation regarding the take-on balances of Mutale and whether they can be substantiated. It was found that these balances could not be substantiated as there was no supporting information.

Council approved a write-off all former Mutale Assets and Liabilities which could not be substantiated.

34 Cash generated from operations

Operating surplus/(deficit)	102 632 050	82 504 913
Adjustments for non cash items:		
Depreciation and amortisation	51 303 508	48 787 585
Impairment loss	34 962 972	4 269 316
Allowance of Debt Impairment (Movement)	59 562 693	68 895 898
Provision for law suits write off (Other Income)	-	(4 722 242)
Employee related costs provisions (Movement)	-	240 074
Indigents subsidy	11 635 894	13 522 839
Assets write off	1 449 913	4 839 797
Fines on illegal use of land (Income)	(6 661 504)	(4 741 387)
Other Income: non-cash	(26 951 583)	
Donation Received	(488 000)	
NRV write down	4 412 818	
Finance cost: Environmental Rehabilitation Provision	2 334 392	
Bad debts written off	3 536 199	
Changes in working capital:		
Inventories	(1 336 515)	1 223 713
Receivables from non-exchange transactions	(20 102 658)	(72 147 419)
Receivables from exchange transactions	(37 751 950)	
VAT payable	6 695 046	2 543 521
Payables from exchange transactions	394 013	(34 753 161)
Unspent conditional grants and receipts	-	(765 727)
	185 627 287	109 697 720

35 Commitments

35.1 Operational expenditure

Approved and contracted	12 351 668	43 275 502
Approved and not yet contracted	438 500	491 000
Total operational commitments	12 790 168	43 766 502

35.1.2 Capital expenditure

Approved and contracted: Property, plant and equipment	375 459 355	231 730 128
Approved and not yet contracted	-	-
Total capital commitments	375 459 355	231 730 128

Total commitments	388 249 523	275 496 630
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The Commitment amounts shown above are VAT exclusive.

The municipality still has future commitments to service providers for services still to be rendered. The minimum payments still due to the service providers as at 30 June 2019 amount to R375 459 355 for capital commitments and R 12 579 335 for Operational commitments.

35.2 Operating leases - as lessee (expense)

Minimum lease payments due:

- within one year	1 778 304	-
- within two to five years	2 222 880	-
Total	4 001 184	-

36 Fruitless and wasteful expenditure

Opening	15 151 477	5 868 616
Current year fruitless & wasteful expenditure	6 656 495	9 522 128
Less: Recovered	-	(324 863)
Less: Written-off	-	(317 076)
Identified by AGSA during audit	-	402 672
Fruitless and wasteful expenditure to be recovered or written-off	21 807 972	15 151 477

The current year fruitless expenditure was mainly caused by payments made for discontinued projects

37 Irregular expenditure and Unauthorised expenditure

37.1 Irregular expenditure

Opening balance	64 748 357	64 132 931
Current year irregular	27 848	806 668
Identified by AGSA during audit	-	85 257
Less: Transferred to receivables	-	-
Less: Write-offs / Condones / (SC 02/02/18)	-	(276 500)
Irregular expenditure to be recovered or written-off	64 776 205	64 748 357

The current year irregular expenditure is as a result of extension of expired contract for cash-in-transit security services to safeguard municipal assets and banking thereof. This expenditure has been reported to Council, Cogesta and The Auditor General South Africa.

37.2 Unauthorised expenditure

Opening balance	32 185 551	-
Current year unauthorised	34 710 882	32 185 551
Less: Write-offs / Condones	-	-
Less: Transferred to receivables	-	-
Identified by AGSA during audit	-	-
Unauthorised expenditure awaiting condonement	66 896 433	32 185 551

The current year unauthorised expenditure was caused by the significant write down of Municipal Land illegally occupied by various people. Each portion of separately identifiable land was written down to R1 value.

38 Prior period errors

The following errors were discovered during the current year.

(i) represents credit adjustments done in the underlying records.

Positive movements represent debit adjustments made in the underlying records.

- 38.1 During the current year the depreciation of a project completed in the prior year and not transferred to community assets and the external perimeter constructed from the previously expensed palisade was erroneously not accounted for

The financial impact of the error was determined to be as follows:

2018

Statement of financial performance

Depreciation and amortisation - Increase/(Decrease) 12 180

Statement of financial position

Community assets - Accumulated Depreciation - (Increase)/(Decrease) (20 625)

Statement of net assets

Accumulated surplus - (Increase)/(Decrease) 8 445

- 38.2 During the current year, it was identified that Property Plant and Equipment Land was erroneously duplicated in the asset register in prior years

The financial impact of the error was determined to be as follows:

2018

Statement of financial position

Property Plant and Equipment Cost: Land - Increase/ (Decrease) (100 515)

Statement of net assets

Accumulated surplus - (Increase)/(Decrease) 100 515

- 38.3 During the current year, it was identified that Inventory: Sites (land) owned by the municipality in the prior years was not accounted for in the municipality's accounting records

Statement of financial position

Inventory: Sites (land) - Increase/ (Decrease) 292 000

Statement of net assets

Accumulated surplus - (Increase)/(Decrease) (292 000)

- 38.4 During the current year, it was discovered that Inventory: Sites (land) that was sold in the preceding years was erroneously accounted for as inventory after its sale.

The financial impact of the error was determined to be as follows:

2018

Statement of financial position

Inventory: Sites (land) - Increase/ (Decrease) (171 210)

Statement of net assets

Accumulated surplus - (Increase)/(Decrease) 171 210

38.6 During the current year, it was discovered that the depreciation of a completed project relating to infrastructure assets erroneously classified as work in progress, was not accounted for in prior years

The financial impact of the error was determined to be as follows

2018

Statement of financial performance

Depreciation and amortisation - Increase/(Decrease) 93,210

Statement of financial position

Roads Infrastructure - Accumulated Depreciation - (Increase)/(Decrease) (182,657)

Statement of net assets

Accumulated surplus - (Increase)/(Decrease) 89,447

38.7 During the prior year an impounded vehicle was auctioned by the municipality. The owner came back to claim the vehicle during the current financial year and there's an on-going case regarding this matter. Therefore, the prior year revenue (other income) was overstated.

The financial impact of the error was determined to be as follows:

2018

Statement of financial performance

Sundry revenue - (Increase)/(Decrease) 15,891

Statement of financial position

Sundry receivables - Increase/(Decrease) (15,891)

38.8 During the current year it was determined that previously expensed palisade materials were utilised in the construction of an external perimeter at Thohoyandou Stadium.

The financial impact of the error was determined to be as follows:

2018

Statement of net assets

Accumulated surplus - (Increase)/(Decrease) (159,900)

Statement of financial position

Community assets: Cost - Increase/(Decrease) 159,900

38.9 During the current year's physical verification process, it was discovered that projectors procured during the prior year were not taken into account in the municipality's accounting records.

The financial impact of the error was determined to be as follows:

2018

Statement of financial performance

Depreciation - Increase/(Decrease) 12,475

Statement of financial position

Furniture and office equipment: Accumulated depreciation - (Increase)/(Decrease) (12,475)

Furniture and office equipment: Cost - Increase/(Decrease) 74,041

Statement of net assets

Accumulated surplus - (Increase)/(Decrease) (74,041)

39.10 During the current financial year it was discovered that the finance lease obligation closing balance was understated in the prior year due to the fact that the payment for the month of June 2018 was only made during July 2019.

The financial impact of the error was determined to be as follows:

2018

Statement of financial position

Finance lease obligation - (Increase)/(Decrease) (147,597)

Statement of net assets

Accumulated surplus - (Increase)/(Decrease) 147,597

39.11 During the current financial year it was discovered that there was a system error which caused the primary account control account (cash and cash equivalents) to differ from the Cashbook (sub-ledger) closing balance for the prior year.

The financial impact of the error was determined to be as follows:

2018

Statement of financial position

Cash and cash equivalents - Increase/(Decrease) 10,843

Statement of net assets

Accumulated surplus - (Increase)/(Decrease) (10,843)

39.12 During the current year it was discovered that the closing gross Traffic Fines Debtor balance was overstated due to incorrect capturing by municipal staff.

The financial impact of the error was determined to be as follows:

2018

Statement of financial position

Traffic Fine Debtors - Increase/(Decrease) (648,750)

Statement of net assets

Accumulated surplus - (Increase)/(Decrease) 648,750

39.13 During the current year it was discovered that infrastructure assets not owned by municipality were erroneously accounted for in the municipality's accounting records in the previous years.

The financial impact of the error was determined to be as follows:

2018

Statement of net assets

39.15 During the current year it was discovered that components of a Landfill site capitalized in the prior years were incorrectly not impaired as the landfill site did not have an operating licence and approved design

The financial impact of the error was determined to be as follows

2018

Statement of financial position

Infrastructure assets - Accumulated impairment - (Increase)/(Decrease)	(259,094)
Infrastructure assets - Accumulated depreciation - (Increase)/(Decrease)	24,368

Statement of net assets

Accumulated surplus - (Increase)/(Decrease)	234,727
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38.16 During the current year it was discovered that the Provision for Landfill rehabilitation was erroneously not recognised as a liability in the municipal records and the expenditure incurred in rehabilitation of the landfill site was erroneously expensed in the prior years

The financial impact of the error was determined to be as follows

2018

Statement of financial performance

General expenses - Dumping fees - (Increase)/(Decrease)	(2,712,464)
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Statement of financial position

Provision for rehabilitation of Landfill site - (Increase)/(Decrease)	(26,527,186)
Infrastructure assets (Solid waste) - Cost - Increase/(Decrease)	18,829,236

Statement of net assets

Accumulated surplus - (Increase)/(Decrease)	10,410,414
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38.17 During the current year it was discovered that the municipality had erroneously recognised sundry income during the prior year instead of reducing other receivables previously raised to recover Fruitless and wasteful expenditure

The financial impact of the error was determined to be as follows

2018

Statement of financial performance

Accumulated surplus - (Increase)/(Decrease)	324,863
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Statement of financial position

Other Receivables - Increase/(Decrease)	(324,863)
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The following prior period changes were due to reclassifications and they don't have an impact on the Surplus/Deficit for the year and Net Asset Value previously presented and disclosed:

38.18 During the current year it was discovered that Bad Debts Written-off was included as part of Debt Impairment expense. This is incorrect as Bad Debts are written off against the gross debtor and not against the Allowance for debt impairment account

The reclassification impact was determined to be as follows

2018

Statement of financial performance

Debt Impairment - Increase/(Decrease)	(3,634,148)
General expenses (Bad debts written off) - Increase/(Decrease)	3,634,148

38.19 During the current year it was discovered that the Long Service Award Policy meets the definition of a Defined Benefits Plan in term of GRAP 25.08 and should therefore be presented and disclosed as such

The reclassification impact was determined to be as follows

2018

Statement of financial position

Provision for Long Service Award - (Increase)/(Decrease)	12,358,609
Employee benefit obligation - (Increase)/(Decrease)	(12,358,609)

38.20 During the current year it was discovered that the 13th Cheque bonus meets the definition of Accrued Expense, furthermore the expected date of payment is known based on the policy of the municipality

The reclassification impact was determined to be as follows

2018

Statement of financial position

Provision for Bonuses - (Increase)/(Decrease)	4,912,348
Payables from exchange transactions - Accrued Bonus - 13th Cheque - (Increase)/(Decrease)	(4,912,348)

38.21 During the current year it was discovered that the municipality had previously classified Impairment of PPE - Land as a write down under General Expenses instead of recognising it as Impairment Loss in accordance with GRAP 17

The reclassification impact was determined to be as follows

2018

Statement of financial performance

Impairment loss - Increase/(Decrease)	2,405,952
General expenses (Land write down) - Increase/(Decrease)	(2,405,952)

38.22 During the current year it was discovered that a project completed in the prior year relating to community assets was incorrectly classified as work in progress

The reclassification impact was determined to be as follows

2018

Statement of financial position

Community assets - Cost - Increase/(Decrease)	144,599
Community - WIP - Increase/(Decrease)	(144,599)

38.23 During the current financial year it was discovered that a completed project relating to infrastructure assets was incorrectly classified as work in progress

39 Contingent liabilities

The table below comprises all the law suits which are deemed to be possible obligations and neither the expense nor the accompanying liability was recognised. Thulamela Municipality's legal counsel has indicated that the likelihood of the court ruling being in favour of the applicant is very slim albeit not remote.

Case	Applicant	Case No.	2019	2018
Bianca Logistics is seeking a relief for damages for failing to get registration documents in time after buying a Grader from the municipality.	Bianca Logistics	529/16	14 000 000.00	14 000 000.00
Tshivhase Ungani Martha is suing the municipality for Loss of support as a result of the death of her husband who passed away after a tree befall him.	Tshivhase Ungani Martha	439/2015	3 000 000.00	3 000 000.00
Hilda Mabaya Personal injury	Hilda Mabaya	352/16	228 284.00	228 284.00
Shiburi Samson is suing the municipality for hitting a trench at Malamulele Extension B	Shiburi Samson	DC192/2016	-	15 569.39
The applicant is suing the municipality an amount of R2 725 770.45 for water usage	Minister of Water and Sanitation	705/2017	2 725 770.45	2 725 770.45
Mudau Tshimangadzo Noria is suing the municipality for damages alleging that her child was injured by the municipal pipes.	Mudau Tshimangadzo Noria	705/2017	4 000 000.00	4 000 000.00
Neduvhuledza Bethuel is suing the municipality for failing to transfer the site at Tshilungoma into his names.	Neduvhuledza Bethuel	945/2017	-	2 400 000.00
Shumani Moses is claiming an amount of R450 000.00 from the municipality	Shumani Moses	606/15	450 000.00	450 000.00
Matumba Elekenyani is suing the municipality an amount of R300 000 for unlawful detention, cutumelia, pain and suffering after he was arrested for failing to pay traffic fine and he was detained in a traffic van and later the traffic van was involved in an accident	Matumba Elekenyani	117/2015	300 000.00	-
Nevondo Mukovhe is suing the municipality an amount of R300 000 for unlawful detention, cutumelia, pain and suffering after he was arrested for failing to pay traffic fine and he was detained in a traffic van and later the traffic van was involved in an accident	Nevondo Mukovhe	439/2015	300 000.00	-
Applicant is suing the municipality an amount of R40 000 000 alleging the municipality to have expropriated his site Portion 46 of 468 at Tshilungoma along Punda Maria Road	Fhambanani Frank Mbedzi	638/2019	40 000 000.00	-
Total contingent liabilities			65,004,054.45	26,819,623.84

40.8 Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been approved by the Municipal Manager and noted by council.

Incident

Repairs and maintenance
Training
Accommodation
Annual show
Professional Registration
Competency assessment for senior managers
Professional fees
Stationery
Local Economic Development
Transport
Other

3 155 293	3 085 306
816 740	1 091 785
393 980	299 300
184 140	-
-	232 140
145 747	-
241 193	696 811
-	-
-	296 939
45 000	96 093
40 106	570 526
5,022,199	6,368,900

40.9 Disclosure of losses through financial misconduct

Opening balance
New incident
Recovered
Closing Balance

-	-
-	-
-	-
-	-

There were no losses suffered through financial misconduct during the current financial year.

41 Comparison with the budget

Explanation on material differences between final budget and actuals for the year ended 30 June 2019

41.1 Fines

The budget include R17.7 million for traffic fines and since the beginning of the year there were no concerted efforts by the relevant unit to reach the budgeted target.

41.2 Donation received

Municipality received donations of turnstile gates for Thohoyandou stadium and ablution block materials and labour for no exchange. The municipality didn't budget this line item.

41.3 Service charges

The variance is due to upgrading of tariffs and a delay in the capturing of information in the following villages: Mulodi, Phalama and Tshishivhe which caused delays in billing. The villages will be billed in the coming financial year.

41.4 Rental of facilities and equipment

This is due to rectification of misallocation in billboards advertising which is presently classified as part of rental of facilities as per Auditor-General findings and recommendations.

41.5 Licences and permits

The variance is due to poor attendance of clients, decrease in working hours and various options of places to register vehicles like post office.

41.6 Other revenue

The variance is as a result of sites which are still to be sold, the municipality still has to come with the best method of selling these sites.

41.7 Debt impairment

The variance is due to the having to provide for less debt impairment than originally planned due to lower billing than anticipated.

41.8 Impairment Loss

The variance is due land invasion on municipal property. The land was written down to R1 value each.

41.9 Assets write-off

The variance is a result of overstating asset write off budget during the amendment of budget.

41.10 Indigents subsidy

The variance is due overstatement of the budget.

41.11 General Expenses

The variance is due to the savings amongst the different general expenses segments.

41.12 (Loss) gain on disposal of assets and liabilities

The variance is due to having not budgeted for this item as council only approved the write off after reporting date.

42 Financial Instruments

Financial assets at fair value:

Consumer debtors
Other receivables
Vat receivable
Cash and cash equivalent

25 494 184	25 340 198
4 614 602	6 476 496
-	-
537 462 183	480 272 201
567,570,969	512,088,895

Financial liabilities at amortised cost:

Payables from exchange
Finance lease liability
VAT Payable
Unspent conditional grants and receipts

83 195 278	77 888 917
-	430 877
21 901 932	15 206 886
-	-
105,097,210	93,526,680

Councillors

The municipality has councillors that act as a governing body who may have significant influence over the financial and/or operating policies of the municipality

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions

During the financial year no Councillor or Official had any interest in related parties and no one could control or influence Council in making financial or operational decisions

The municipality had no other related party transactions or balances during the financial year outside of the contractual remuneration of senior management and councillor allowances of the councillors

There are no share based payments

Names

AS Tshifhango
HP Mulovhedzi

Title

Mayor
Speaker
Chief Whip

NG Mahosi
Refer to note No. 23 for the disclosure of their remuneration

*All the remaining Councillors are listed on page ii of the Annual Financial Statements

Below is the remuneration and allowances of councillors per person (excluding Mayor, Speaker and Chief Whip)

Cllr Padelane TS	177,385	67,998	40,800	28,291	314,474
Cllr Mulaudzi S N	177,385	67,998	40,800	28,291	314,474
Cllr Lieba NA	227,645	87,264	40,800	61,843	417,551
Cllr Mulaudzi S N	227,645	87,264	40,800	51,456	407,164
Cllr Muthewana S F	177,385	67,998	40,800	39,582	325,764
Cllr Ramanala S V	177,385	67,998	40,800	28,291	314,474
Cllr Ramashia MP	177,385	67,998	40,800	28,291	314,474
Cllr Maduse LS	227,645	87,264	40,800	36,371	392,079
Cllr Mathambo R	236,513	-	40,800	36,923	314,236
Cllr Netshifhefhe M	420,393	161,151	40,800	88,809	711,153
Cllr Davhana S A	234,524	89,901	40,800	64,395	429,621
Cllr Madondo S L	227,645	87,264	40,800	46,521	402,230
Cllr Mulaudzi S M	236,513	-	40,800	36,923	314,236
Cllr Nemaranzhe S N	234,524	89,901	40,800	44,974	410,199
Cllr Kwinda S S	19,709	-	3,400	3,145	26,254
Cllr Magoda S T	177,385	67,998	40,800	29,187	315,370
Cllr Mundalamo S M	236,513	-	40,800	36,923	314,236
Cllr Muedi S E	177,385	67,998	40,800	28,291	314,474
Cllr Malindi OT	408,061	156,423	40,800	95,542	700,825
Cllr Malada TP	420,393	161,151	40,800	112,593	734,937
Cllr Madzunya E	177,385	67,998	40,800	28,291	314,474
Cllr Ramulifho HB	177,385	67,998	40,800	35,112	321,294
Cllr Gundula TJ	236,513	-	40,800	36,923	314,236
Cllr Mandiwana S N	204,552	66,411	40,800	57,645	369,408
Cllr Phalanndwa S N	227,645	87,264	40,800	38,811	394,519
Cllr Mamushiana TD	227,645	87,264	40,800	36,243	391,951
Cllr Raluswinga S T	214,981	82,409	37,400	62,103	396,893
Cllr Tharaga MD	236,513	-	40,800	40,038	317,351
Cllr Netshipise S L	420,393	141,861	40,800	145,025	748,079
Cllr Ramaano LP	303,526	-	40,800	47,327	391,653
Cllr Mulaudzi KE	177,385	67,998		30,737	276,119
Cllr Zhalagome S M	197,094	45,114	40,800	31,116	314,123
Cllr Kwinda SC	177,385	67,998	40,800	28,291	314,474

Cllr Padelane TS	170,562	65,382	40,800	4,212	280,956
Cllr Mulaudzi S N	170,562	65,382	40,800	2,178	278,922
Cllr Lieba NA	218,889	83,907	40,800	23,512	367,109
Cllr Mulaudzi S N	218,889	83,907	40,800	25,787	369,384
Cllr Mutheiwana S F	170,562	65,382	40,800	21,180	297,925
Cllr Ramanala S V	170,562	65,382	40,800	2,178	278,922
Cllr Ramashia MP	170,562	65,382	40,800	2,178	278,922
Cllr Maduse LS	218,889	83,907	40,800	2,835	346,431
Cllr Mathambo R	227,417	-	40,800	2,138	270,355
Cllr Netshifhefhe M	404,225	154,953	40,800	29,653	629,630
Cllr Davhana S A	225,504	86,443	40,800	17,243	369,991
Cllr Madondo S L	218,889	83,907	40,800	11,472	355,069
Cllr Mulaudzi S M	227,417	-	40,800	2,138	270,355
Cllr Nemaranzhe S N	225,504	86,443	40,800	28,150	380,898
Cllr Kwindi S S	170,562	65,382	40,800	2,178	278,922
Cllr Magoda S T	170,562	65,382	40,800	2,766	279,510
Cllr Mundalamo S M	227,417	-	40,800	2,138	270,355
Cllr Muedi S E	170,562	65,382	40,800	5,492	282,236
Cllr Malindi OT	392,366	150,407	40,800	29,988	613,561
Cllr Malada TP	404,225	154,953	40,800	44,535	644,512
Cllr Madzunya E	170,562	65,382	40,800	2,178	278,922
Cllr Ramulifho HB	170,562	65,382	40,800	6,850	283,595
Cllr Gundula TJ	227,417	-	40,800	2,138	270,355
Cllr Mandiwana S N	214,393	74,761	40,800	2,856	332,810
Cllr Phalanndwa S N	218,889	83,907	40,800	5,387	348,983
Cllr Mamushiana TD	218,889	83,907	40,800	2,737	346,333
Cllr Raluswinga S T	225,504	86,443	40,800	40,871	393,619
Cllr Tshivhase NI	39,845	12,913	3,400	1,894	58,051
Cllr Tharaga MD	227,417	-	40,800	7,920	276,137
Cllr Netshipise S L	404,225	148,185	40,800	53,895	647,105
Cllr Ramaano LP	291,852	-	40,800	2,686	335,338
Cllr Mulaudzi KE	113,708	43,588	-	1,378	158,674
Cllr Phalagome S M	170,562	65,382	34,800	2,178	272,922

47 Going concern

We draw attention to the fact that at June 30, 2019, the municipality had an accumulated surplus of R 1,931,093,948 and that the municipality's total assets exceed its liabilities by R 1,931,093,948.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations of the municipality and that the sound financial management will remain in force for as long as it takes to restore the solvency of the municipality.